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[www.elsevier.com/locate/procedia](http://www.elsevier.com/locate/procedia)**Emerging Markets Queries in Finance and Business****The music as an element of physical evidence in service organizations****Marija Dragicevic<sup>a,\*</sup>, Ivana Rakidzija<sup>a</sup>**<sup>a</sup>*University of Dubrovnik, Dubrovnik 20000, Croatia*

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**Abstract**

Marketing manager must develop service organizations to ensure that they satisfy the needs of the customer. New ideas and improved services lead towards growth in service organizations. Given a choice, consumers prefer environments which offer pleasant atmosphere. In certain shopping situations the atmosphere may be more influential than the product itself in the purchase decision and can directly influence consumer behaviour. Unfortunately, many service organizations focus exclusively on some combination of traditional "marketing mix", which contains product, place (distribution), promotional activities and price, although traditional "Four P's" do not cover personnel, customer service, and physical facilities. The aim of the paper is to prove that music is an important element of physical evidence in service organizations, which help service organizations to separate themselves from competitors and target a specific market segment by altering its service process. For the purpose of this paper we have used primary and secondary research. The primary research we have carried out in Dubrovnik, including the sample of 250 customers in service organizations. The results of the research show the music as an important element of physical evidence influencing consumer's behavior.

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*Key words:* music; importance; influence; consumer behaviour; service organizations

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**1. Introduction**

Contacts between services companies and consumers are interactive and numerous. Each contact creates perception of the service. The traditional concept of marketing mix that was developed in accordance with the needs of companies whose products are predominantly material, in the service sector has perceived

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modifications. Booms and Bitner, 1992 suggested that services organizations need to augment traditional marketing mix created of product, price, promotion and distribution, with additional elements such as physical evidence, participants and process of service assembly. Physical evidence means the service environment, participants refer to all people involved in the services production and process of services assembly refers to procedures and flow of activities that contribute to the delivery of services.

The aim of the paper is to point out the importance of the physical evidence in service companies and analyse importance of music as an element of the physical environment. From a variety of stimuli from the environment the music is considered as one of the most influential and most manipulative elements. Herrington and Capell, 1996, pp.26.

For the purpose of this paper we have stated the following hypotheses:

H1. "Consumers consider that music is important in their everyday life, they better perceive the services atmosphere when the music is playing and its influence on services company image"

H2. "Music affects emotions, retains customers in the service organizations and inspires consumers to buy more."

For proving hypotheses we have used secondary and primary data. Empirical research has been carried out by personal inquiry in Dubrovnik, including the sample of 250 customers.

## **2. Some specific features and importance of physical evidence**

The fundamental importance of services marketing and physical environment results from the following functions:

- Converting intangible in tangible as much as possible
- Managing perceptions and expectations of the customer.

Physical environment strategy and tactics must necessarily be connected with the marketing company goals. Physical environment managing also provides functionality in the services business. For example, the furniture in the hotel room must be selected so that its appearance, type, colour and arrangement creates a comfortable atmosphere for guests, meets the standards of accommodation categories, and allows easy cleaning. A good foundation for the idea of creating the physical environment at the same time is decision on better positioning in relation to the competition Dosen, 2002. Environmental psychology is essentially focused on the impact of environment on people. Mehrabian-Growth dynamics model Donovan and Rossiter, 1982 defines the behaviour of consumers in physical environment. There are three basic emotional states: pleasure – displeasure, like emotional state reflects the degree to which consumers and employees feel satisfied with the service experience; arousal-nonarousal, as the state reflects the degree to which consumers and employees feel excited and stimulated; dominance –submissiveness, reflects feelings of control and ability to act freely within the service environment. Ideally, service firms should create physical evidence to built environments that appeal to the pleasure and arousal states, and stay away from creating atmosphere that create submissiveness Hoffman et al., 2009, pp. 269. For example, the psychological impact of colour which is considered as extremely important element of the physical environment is the result of three properties: hue, value and intensity. Hues refer to the actual family of the colour, such as red, blue, yellow, or green Hoffman et al., 2009, pp. 281. Hues are classified into warm (red, yellow, orange) or cool colours (blue, green, purple). According to the values colours are divided into light and dark. Intensity defines the degree of gloss Hoffman et al., 1997, pp. 225. Bright colours, bright lights, noise, bustle and movement, are all typical elements of environment that creates adventurous mood, while opposite is characteristic of an environment create relaxing mood Rojko, 1982. For example travellers who visit Las Vegas are likely to react positively to the environment that offers exiting experience they expect. On the other hand, business travellers who often want relaxation, usually prefer the peaceful and relaxing environment.

Although the music is an important element in all cultures, in each culture it has a different role, different

meanings and different level of importance. Listeners from one culture often have difficulty in understanding the feelings expressed by the music of another culture, because of culturally determined emotional expression. In most cultures, music has functions that are not only fun but aesthetic enjoyment of the individual. It supports the process of communication and allows people to work together more effectively. The music actually was alternative means of communication between individuals and groups, although this communication can be limited to those who understand the specific meaning of the used musical genre (<http://www.zamp.hr> , accessed 15. 11. 2011.)

Studies about effects of music set up three main questions: how music can change the retention of customers in the store, whether there has been changing in the perception of the brand with music, and whether there are consequences in choosing the product caused by music (Santoro, [www.mymarketing.net](http://www.mymarketing.net) , and accessed 5.02.2012. A review of the literature dealing with the effects of music on shopping behaviour reveals different findings. Kotler, 1973 find out that atmosphere can be influential in the purchase decision. Linsen, 1975 points out that shopper may feel that they spend less time standing in queue if the stores provide background music, because customers feel that service organization care about their customers. Bruner, 1990 concludes that music is an important element that influences on mood and behaviour. Bitner, 1992 also suggested that the physical surroundings (atmosphere) of services businesses have a large impact because customers frequently consume services within the firm's environment. Baker et al., 1992 find out that music can influence on consumer behaviour and willingness to buy. Hui et al., 1997 have proved that regardless of its valence, music ameliorates emotional evaluation of the service environment which in turn positively affects approach behaviour towards the service organizations. Positively valence music triggers more positive emotional response to the wait and stronger approach behaviour towards the service organization than negatively valences music. According to the foundation of Arena and Kim, 1993 shoppers may spend more money when the music "fits" with the product. Yalch and Spangenberg, 1993 point out that customer buy products/services that closely match the musical preferences of shoppers.

Combining melody, harmony and rhythm to the listener can act in many ways: by changing the mood, provoking a sense of balance, happiness, pleasure, or restlessness, anxiety and sadness Rojko, 1982 generally, slow and quiet music has a tendency to encourage relaxation and reduce anxiety and restlessness, while stimulating music typically increases the level of excitement. It is very difficult to determine exactly which musical structure causes a certain mood ([www.thepowerofmusic.co.uk](http://www.thepowerofmusic.co.uk)., accessed 2.02.2012). Precisely because of these emotional reactions to certain music, it is important to choose the appropriate. Care must be taken on the individual preferences of individual customers or segments. Herrington and Capella, 1996 just suggest sellers to adapt their strategies to different age structures taking care and about the different parts of day when customers visit them. Bad choice, especially for the older segment of consumers, is a loud music, acts irritating them. An individual's preference for a musical composition is dependent on a number of factors. Musical preferences tend to vary. In the research that Wright carried out (1975) he has concluded that musical preferences depend on the cultural background. Influence on musical preferences has complexity Burke and Gridley, 1990 such as familiarity with the music Davies, 1991 and structural characteristics of music Kellaris, 1992. Musical preference tends to vary according to the listener's age Yalch and Spangenberg, 1993 and musical training Vanderark and Ely, 1993). Some stores create sound atmosphere for children so they are not bored, while their parents choose products ([www.filaks](http://www.filaks), accessed 12. 05. 2011. ). Gerald Gorn in the book, "The Effect of Music in Advertising on Choice Behaviour" points out that 80% of people are choosing products/services which define and characterize sales place, and can strengthen identity. For example, Indian music used in the environment where are typical Indian products creates an overall picture of an environment in which the product originates. In some instances expenditures are influenced by the volume Smith and Curnow, 1966 and tempo Milliman, 1982, 1986 of background music. In the next text we will provide the results of empirical research about impact of music on consumers' behaviour in services organizations in Dubrovnik.

### 3. Results of empirical research

#### 3.1. Research Methodology

The aim of the empirical research conducted in Dubrovnik was to determine the importance of music and effects of music on consumer behaviour in services organizations. Data were collected by testing a sample of 250 respondents, using method of personal interview. The questionnaire consisted of 19 questions. We have explored the attitudes consumers only in certain types of services organizations (mostly food shops, cloth shops, souvenir shops, restaurants, cafe bars), what we consider as the limitation of the research. For analysing the data we have used descriptive and inferential statistic based on chi-square testing.

#### 3.2. The results of the research and discussion

In the research we have carried out in Dubrovnik on the sample of 250 customers, the part of 44% belong the men and 56% to women. According to results of research most of the respondents (30%) are between 26-34 years old, than follow these between 16-25 year (28%), 35-43 years old (10%), such as the other categories, that is customers up to 15(9%), between 44-53(9%), between 54-63 (10%) and older than 64 (9%). The main part of respondents (60%) consider music as an important and extremely important in their everyday life, while only small part of them (18%) considered it unimportant. The largest number of interviewed (86%) often listens the music, and only a small number of respondents (14%) rarely listens the music. The most respondents prefer rock (74%), dalmatian music (47%), classical music (36%) and the smallest part listen techno (15%) and other kinds of music (12%) The most of the customers (90%) consider it is very important to keep music playing in service organizations and only 10% thinks it is not important. The data refers to the attitudes of respondents about the impact of music on their choice of service facilities place shows that the most of them (59%) believes that music affects partly their choice to enter the service facilities place, 24% of customers think that music influences their entering in a great deal. Only small part of them (12%) believes that music can not affect their choice or has small influence (6%). The largest number of respondents (90%) considered that they perceive a better services atmosphere when music is playing, while only 10% thinks it is not important for better perception. According to the results of empirical study most of respondents(56%) believes that music improves the services' company image, smaller part (26%) think it has small influence on image and there is also one smaller part (14%) who considers that music does not affect the image of the services company. According to the results of chi-square testing ( $\alpha = 0,05$ ) it is obvious that there is a correlation between age and the genre of music the customers prefer. That indicates the necessity of adopting the music according to the age of customers. Young customers especially prefer buying while the music is playing and it influences their perception of service organization significantly.

The data about the desirable volume of the music shows that the most of the respondents (62%) prefer medium volume music, 12% prefer quiet and 5% prefer very quiet music, 23 % like loud and 7% very loud music. A small part of customers said that music does not influence on their feelings (13%) or they feel depression and anxiety (5%), but other consider that they feel happy and satisfied when music fits them. According to the chi-square testing there is no correlation between rhythm and increased consumption of the article, but there is a correlation between loudness of music and lower consumption, because the consumers which do not prefer loud music stay less and spend less money. The respondents think that bad music always affects that they stay less in the shop and spend less, but if they like music they stay longer and spend more money. The respondents' answers show that most of them (70%) believe that music can influence the reduction of negative emotion while they stay in a queue. Analyzing the attitudes of respondents about the impact of music on their retention in the service facility, it is visible that most of them (68%), believes that music affects

their retention. The services organization managers in Dubrovnik should better adopt the characteristics of music towards customer references. The wrong choice can influence that customers leave the place where they buy or spend less.

In our research we have examined the influence of the music on the products connected with the music. The significant numbers of respondents (32%) consider that they sometimes give priority to the products that connected with the music. Most of respondents (40%) said they rarely give a higher priority to the products connected with the music; a smaller part of them (14%) sometimes gives a high priority to such a products. Only a small portion of respondents (14%) said they never give greater priority to products that are connected to music. We find it interesting especially for some kinds of services organizations in Dubrovnik, which are selling authentic products and do not use enough/ or at all the music to improve the atmosphere and to initiate customers to stay longer and spend more money. We find out that it is necessary to carry out the depth analysis according to the different types of the services organizations in Dubrovnik including detailed analysis of the preferences of market segments. On the other site, Dubrovnik is well known tourist destination so it should be interesting to find out the attitudes of tourists, not only residents. All this we consider as the limitation of our research, but can be subject for the further researches.

#### 4. Conclusion

Important principle for successful design of the physical environment of services companies is recognizing the external and internal elements which are important in creating atmosphere. To create an overall impression and cause desirable consumer behaviour, it is important to achieve synergy of all elements of physical evidence applying holistic approach. According to the results of the research carried out in Dubrovnik it is confirmed that music is very important in everyday living and consumer expects to be part of physical evidence in services. Marketing manager must develop services organizations to ensure that they satisfy the needs of the customers. In certain shopping situations the atmosphere may be more influential than the product itself in the purchase decision. According to the result of research carried out in Dubrovnik it is obvious that there is a need of better adopting music according to the age of the segments. Music keeps customers staying in a shop and reduces negative emotions while they wait for services. Bad music forces them to retain less and spend less. The significant part of consumers gives priority to products which are associated with the music. Music mostly awakes feelings of happiness and satisfaction. Precisely because of these emotional reactions to certain music, it is important to choose the appropriate. Care must be taken on the individual preferences of segment. In today's competitive business environment service companies in Dubrovnik should better use music as the stimulus in the physical evidence and make services' places recognizable and different, while creating atmosphere where customers will feel like they are at home.

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